



Testimony of Eric Gjede  
Vice President of Public Policy, CBIA  
Before the Appropriations Committee  
Hartford, CT  
March 23, 2022

**Testifying in support of  
HB 5003: AN ACT CONCERNING THE UNEMPLOYMENT TRUST FUND**

Good afternoon, Senator Osten, Representative Walker, Senator Miner, Representative France and members of the Appropriations Committee. My name is Eric Gjede and I am vice president of public policy for CBIA, the Connecticut Business & Industry Association. CBIA is Connecticut's largest business organization, with thousands of member companies, small and large, representing a diverse range of industries from across the state. Ninety-five percent of our member companies are small businesses with less than one hundred employees.

CBIA supports HB 5003.

Last year, the Appropriations Committee started the conversation about the economic impact of the significant federal borrowing needed to shore up the state's unemployment trust fund. The more than 1.2 million claims for unemployment benefits during the early days of the pandemic quickly depleted the state's unemployment trust fund reserves, necessitating heavy federal borrowing to ensure the payment of benefit claims. While the state takes the loan, it is the business community that is solely responsible for repaying it. At the end of the day, Connecticut businesses will pay nearly a billion dollars to fully satisfy this debt.

Given the unprecedented circumstances that caused the nation-wide elevated levels of unemployment in 2020, a majority of states chose to use portions of the various federal stimulus program funds to either directly cover unemployment costs or repay federal unemployment debt. We are grateful to this committee and for the bipartisan support for using \$155 million in federal American Rescue Plan Act funds to assist in repaying a portion of this debt. The businesses community has also repaid \$300 million of this debt over the last two years. However, to date, the principal on the federal loan is still a staggering \$463 million.

Connecticut employers, particularly small businesses, continue to face a multitude of pandemic-related challenges. Most saw operating costs increase due to supply chain issues and inflation, and an astounding 80% continue to face workforce issues. Our state's unemployment rate remains higher than the national average. Further, because of our outstanding federal unemployment loans, businesses will see annual unemployment tax increases commencing this fall. These hidden tax hikes will continue until that federal debt is satisfied.

The business community did not cause the pandemic but will continue to pay for it for years to come. We made great sacrifices in bipartisan negotiations last year to ensure the unemployment trust fund will remain solvent in the future. However, we again look to this committee to help with the overwhelming short-term debt. We are one of only ten states that continue to carry this federal debt, a financial strain that will cause Connecticut to fall

further behind in our economic recovery. Satisfying this debt and avoiding the strain it causes businesses, along with additional business tax relief, is critical to priming Connecticut's economy for long-term growth.

We appreciate the committee continuing the conversation about the provision of federal unemployment debt relief. We urge the committee to support HB 5003.